

The President. Write them a letter; send them an E-mail; send them a fax. Do something to—and say, I’m just a citizen, but I want you to know that I will support you if you save most of the surplus to fix Social Security and Medicare and make America debt-free. I will take the smaller tax cut, and I don’t want you to have to cut education or national defense or medical research or any of those other things. Let’s do this in a disciplined way, in a commonsense way. I think you just tell them that that’s what you want them to do, and don’t make it a partisan issue, don’t make it a—I don’t want Americans to get angry over this.

Like I said, this is a high-class problem. You would have laughed me out of this room if I had come here 7 years ago and said, “Vote for me. I’ll come back, and we’ll have a debate on what to do with the surplus.” So let’s be grown up about this and deal with it as good citizens.

[*The conversation continued.*]

The President. Yes, I thank you for that. I agree with that. Let me say, if you think about it, every time we do a big change in this country, the people that are doing pretty well under the status quo normally oppose it. And in the 15th century, the great Italian statesman Machiavelli said there is nothing so difficult in all of human affairs than to change the established order of things, because the people who will benefit are uncertain of their gain, and the people who will lose are afraid of their loss.

Well, I don’t think they will necessarily lose. Once they go back to what this gentleman said over here about it, and let’s put what he said and what you said together, the profit margins may go down some on heavily-used drugs where we have the power to bargain per drug, but the volume will surely go up. That’s the point you’re trying to make.

Look, none of us have an interest in putting the American pharmaceutical companies out of business. They’re the best in the world, and they’re discovering all these new drugs that keep us alive longer. And I wouldn’t—we’ll never be in a position where we’re going to try to do that. But I’ve seen this time after time after time—not just in health care, in lots of other areas. It will be fine if we just

have to get the point where they can’t kill it. I think the pharmacists will help us, and I think if we keep working, we’ll wind up getting some pharmaceutical executives who will eventually come out for it, too, once they understand that nobody has a vested interest in driving them out of business. We all want them to do well and keep putting money into research and the increased volume—if the past is any experience of every other change, the increased volume of medicine going to seniors who need it will more than offset the slightly reduced profit margins from having more reasonable prices.

Thank you very much.

[*The conversation continued. Participant Loren Graham said his 44-year-old daughter, who suffers from rheumatoid arthritis, should be able to buy into Medicare because she is refused insurance.*]

The President. But she’s not designated disabled?

Mr. Graham. I beg your pardon?

The President. Medicare covers certain—the disability population—she’s not disabled enough to cover, to qualify?

Mr. Graham. Correct.

The President. I don’t know if I can solve that or not. I’ll have to think about it. [*Laughter*]

Ms. Aldrich. But you obviously have other people that you know that are dealing with the same type of issue that you are right now, is that correct?

[*Mr. Graham said he knew a lot of people in the same situation that have supplemental insurance but no guarantee they will keep it.*]

The President. Let me say one thing. You said you wanted Medicare to be around another 32 years. Another point I should have made that I didn’t about taking the Trust Fund out 27 years, you think how much health care has changed in the last 27 years. The likelihood is it will change even more in the next 27 than it has changed in the last 27. And we may be caring for ourselves at home for things that we now think of as terminal hospital stays. They may become normal things where you give yourself medication, you give yourself your own shots, you

do all the stuff that we now think of that would be unimaginable.

I think if we can get it out that far, the whole way health care is delivered will change so dramatically that the people who come along after me and the Congress and in the White House will have opportunities to structure this in a different way that will be even more satisfying to the people as well as being better for their health.

But that's why, to go back to what you said, I want us to do this prescription drug thing. I think it is critically important. But we also have to remember that we've got to stabilize the Trust Fund. We've got to take it out. It ought to be more than 25 years. When you look ahead, you know it's going to be there.

Thank you.

[*The conversation continued.*]

The President. Well, if it was up to me, I would remove the age limits, the earnings limits on Social Security recipients, because I think that's another good thing they ought to do. But it ought to be voluntary; you shouldn't have to do it just to pay for your medicine.

I promised the lady over there who said most of the people who lived in your place were single. Now, keep in mind, we start out with the premium of \$24 a month, and that premium covers half the prescription drug costs, up to \$2,000 a year. It will go eventually to a premium of about \$44 a month that will cover half prescription drug costs up to \$5,000 a year. And I think it's important to get up above \$2,000, because a lot of people really do have big-time drug costs.

Now, the people who wouldn't have to pay the premium or the co-pay are people below 135 percent of poverty. That's \$14,000 for a couple, but \$11,000 for individuals. That's a lot of folks. And then, if you're up to \$12,750 for an individual or \$17,000 for a couple, your costs would be phased in, so there would be some benefit there.

But nearly everybody would be better off unless they have a good—the only plans that are better than this, by and large, are those that you got from your employer if your employer still covers prescription drugs. This is totally voluntary. Nobody has to do this. And we also have funds in here to give significant

subsidies to the employers who do this to encourage them to keep on doing it and to encourage other employers to do it. So I think it's a well-balanced program and a good way to start.

[*The conversation continued. Dr. Kirshna Sawhney, a cardiologist, stated his support for the President's prescription medicine proposal and also pointed out the need for reform of the Medicare payment system to hospitals. He said premier health care facilities in Michigan are losing \$80 million to \$100 million each year under the current system.*]

The President. I'd like to make two points after your very fine statement. First, on the second point you raised, I had a chance to discuss that yesterday at my press conference. When we passed the Balanced Budget Bill in 1997, the—we had to say, how much are we going to spend on Medicare over the next 5 years. And we estimated what it would take to meet our budget target. Then, the Congressional Budget Office said, no, it will take deeper cuts than that, and we said if you do that it will cost a lot more money. But we had to do it the way they wanted.

Now, this is not a partisan attack; nobody did this on purpose. There was an honest disagreement here. But it turned out that our people were right, and so actually more money was taken out of the hospital system in America than was intended to take out. And to that extent by a few billion dollars, not an enormous amount, but the surplus in that sense is bigger than it was intended to be. And we have got to correct that. I have offered a plan that will at least partially take care of it, and we're now in intense meetings with people who are concerned about it; we are going to have to do that.

Now, let me make the point about the person you said, the gentleman who died. I was aghast—last week we had another health care debate on the patients' Bill of Rights, and one of the people who was against our position said, these people keep using stories—you know, anybody can tell a story, that's not necessarily representative.

Well, first of all, I don't know about you, but I think people's stories are—I mean, that's what life is all about. What is life but